



## Senate

General Assembly

**File No. 39**

February Session, 2016

Substitute Senate Bill No. 101

*Senate, March 15, 2016*

The Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### **AN ACT CONCERNING WORKERS' COMPENSATION INSURANCE AND SOLE PROPRIETORS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 31-286a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2016*):

4 (a) Notwithstanding any provision of any general statute, special  
5 act, charter or ordinance, neither the state, or its agents, nor any  
6 political subdivision of the state, or its agents, may enter into any  
7 contract on or after October 1, 1986, for the construction, remodeling,  
8 refinishing, refurbishing, rehabilitation, alteration or repair of any  
9 public works project before receiving from each of the other parties to  
10 such contract (1) sufficient evidence of compliance with the workers'  
11 compensation insurance and self-insurance requirements of subsection  
12 (b) of section 31-284, and (2) a current statement from the State  
13 Treasurer that, to the best of his knowledge and belief, as of the date of

14 the statement, the particular party was not liable to the state for any  
15 workers' compensation payments made pursuant to section 31-355,  
16 except that any sole proprietor who is a party to such contract shall not  
17 be subject to the provisions of this section, provided such sole  
18 proprietor (A) does not utilize any subcontractor in performing such  
19 contract, (B) is not acting as a principal employer, (C) has not accepted  
20 the provisions of chapter 568 in accordance with subdivision (10) of  
21 section 31-275, and (D) has liability insurance in lieu of workers'  
22 compensation insurance.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2016	31-286a(a)
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**Statement of Legislative Commissioners:**

In Subsec. (a)(2), Subpara. (C) was rewritten for clarity and consistency.

**LAB**      *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Various State Agencies	Various - Potential Savings	See Below	See Below

Note: Various=Various

**Municipal Impact:** None

**Explanation**

The bill may result in a savings to the state to the extent eliminating the requirement for sole proprietors to procure workers' compensation coverage under certain circumstances results in more favorable contract terms. Generally, workers' compensation policies purchased by sole proprietors provide no workers' compensation coverage as sole proprietors are not covered under the workers' compensation system. The bill requires the sole proprietor to have liability insurance.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 101*****AN ACT CONCERNING WORKERS' COMPENSATION INSURANCE  
AND SOLE PROPRIETORS.*****SUMMARY:**

Before the state or municipalities enter into a contract to build or renovate a public works project, current law requires the contract's parties to prove that they have complied with workers' compensation insurance and self-insurance requirements and do not owe payments to the Second Injury Fund. This bill exempts a sole proprietor from this requirement if he or she is a party to the contract and:

1. does not use a subcontractor or lower tier subcontractor to perform the contract;
2. is not acting as a principal employer (i.e., does not have any employees);
3. has not opted in to the workers' compensation system, and
4. has liability insurance instead of workers' compensation insurance.

EFFECTIVE DATE: October 1, 2016

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 13      Nay 0      (03/01/2016)